

TRANSPORT FOR LONDON

FINANCE AND POLICY COMMITTEE

**SUBJECT: PROJECT MONITORING – PROJECT APPROVALS**

**DATE: 16 SEPTEMBER 2010**

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**1 PURPOSE AND DECISION REQUIRED**

- 1.1 To inform the Committee of Project Authority given by the Commissioner and the Managing Director (MD) Finance in accordance with delegated authority under TfL Standing Orders.

**2 BACKGROUND**

- 2.1 The Commissioner (and in his absence, the MD Finance) currently has the delegated authority to approve project authority on projects up to a value of £50m that contain less than £25m of unbudgeted expenditure.
- 2.2 The MD Finance approves project authority for projects under £25m that contain less than £10m of unbudgeted expenditure. Approval of authority for projects of less than £5m that contain less than £2m of unbudgeted expenditure is delegated to Chief Officers and not reported here. As of 14 July 2010, the Commissioner instructed that the project authority threshold for the Project Review Group (PRG) be reduced from £5m to £1m.

**3 PROJECT APPROVALS BY THE COMMISSIONER**

- 3.1 Since the Committee meeting on 13 July 2010, there have been no project authorities approved by the Commissioner.

**4 PROJECT APPROVALS BY THE MD FINANCE**

- 4.1 Since the Committee meeting on 13 July 2010, the MD Finance has approved Project Authority on six projects. Further details of these projects are set out in Appendix 1.

**5 CONCLUSION AND NEXT STEPS**

- 5.1 Planned future requests, until June 2011, for project authority for projects costing more than £5m are listed in Appendix 2. Where the projects have a value in excess of £50m and have not already received full approval from the Committee or the Board, these requests will be submitted to the Committee for consideration or approval as appropriate. The approval of projects with an estimated final cost above £5m will be reported to subsequent meetings of the Committee.

## **6 RECOMMENDATION**

- 6.1 The Committee is asked to NOTE the project approvals given by the MD Finance.

## **7 CONTACT**

- 7.1 Contact: Stephen Critchley, Chief Finance Officer  
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## Summary of projects approved by the MD Finance

<b>ST-PJ207C Congestion Relief Programme</b>			
<b>Financial Authority in Business Plan</b>	<b>Previous Project Authority Granted</b>	<b>Total Project Authority Granted</b>	<b>Estimated Final Cost</b>
£18.0m	£4.8m	£8.7m	£14.6m
<b>Authority Approval</b>	Project authority of £3.9m was granted for the continuation of the programme, which is funded through the DfT Congestion Relief Fund. While funding for future years will be reduced by 75 per cent, this authority is fully funded.		
<b>Outputs and Schedule</b>	The DfT Public Service Agreement, PSA4, sets an agreed target to accommodate an increase in traffic while mitigating its effect on journey time across a number of nominated representative routes. The Congestion Relief Programme was established to ensure that TfL meets the PSA target through delivery of congestion relief schemes. The Congestion Relief Team has established a programme of schemes derived using a traffic simulation model that are then delivered by other directorates within TfL Surface Transport.		

<b>BC-PJ060 SSR Line Upgrade Hammersmith Service Control Centre</b>			
<b>Financial Authority in Business Plan</b>	<b>Previous Project Authority Granted</b>	<b>Total Project Authority Granted</b>	<b>Estimated Final Cost</b>
£5.8m	£0.0m	£5.8m	£5.8m
<b>Authority Approval</b>	Project authority of £5.8m was granted for the procurement and implementation of the Connect requirements for the Hammersmith Service Control Centre (SCC).		
<b>Outputs and Schedule</b>	The project delivers the Connect transmission support to support the migration of various services and functions from the Baker Street and Earl's Court Road SCCs to the new Hammersmith SCC. This migration is an enabler project for the Sub Surface Railway (SSR) Signalling Upgrade project. The key project deliverables consist of new communications equipment, cables and circuits. The programme will complete in March 2013.		

<b>ST-PJ162 Transport Coordination Centre</b>			
<b>Financial Authority in Business Plan</b> £9.12m	<b>Previous Project Authority Granted</b> £4.37m	<b>Total Project Authority Granted</b> £5.82m	<b>Estimated Final Cost</b> £9.12m
<b>Authority Approval</b>	Project authority of £1.45m was approved by the PRG. This brings the total project authority up to £5.82m.		
<b>Outputs and Schedule</b>	Centre for co-ordinating transport during the London 2012 Games, located at the Traffic / Bus / Police transport control centre in Surface Transport's Palestra building. This will bring together all of the other transport agencies for the duration of the Games to a single site. The centre will be people rather than technology based to enable quick responses to each individual control centre. The centre will be undertaking test events during 2011.		

<b>ST-PJ146 Hydrogen Transport Programme</b>			
<b>Financial Authority in Business Plan</b> £19.9m	<b>Previous Project Authority Granted</b> £15.4m	<b>Total Project Authority Granted</b> £19.9m	<b>Estimated Final Cost</b> £19.9m
<b>Authority Approval</b>	<p>The Hydrogen Bus Project had approval for £15.4m expenditure (adjusted down from £18.8m in the June 2010 Operating Cost Review) to supply five hydrogen powered buses and associated refuelling infrastructure for three years.</p> <p>An opportunity has arisen to operate the RV1 route with eight hydrogen buses for four years to be funded from a European grant of €5.4m net. from the Clean Hydrogen in Cities Project Bid.</p> <p>The project has been granted an increase in authority of £4.5m bringing total authority to £19.9m.</p>		
<b>Outputs and Schedule</b>	<p>The main items of scope for the project are:</p> <ul style="list-style-type: none"> <li>• procure hydrogen buses;</li> <li>• install one hydrogen refuelling facility;</li> <li>• hydrogen supply for four years; and</li> <li>• maintenance and garaging.</li> </ul> <p>The project expiry date is 31 December 2015. The buses are expected to operate until 31 March 2015.</p>		

<b>LR-PJ040 DLR 3 Car Infrastructure-East Route</b>			
<b>Financial Authority in Business Plan</b> £21.30m	<b>Previous Project Authority Granted</b> £18.20m	<b>Total Project Authority Granted</b> £21.30m	<b>Estimated Final Cost</b> £21.30m
<b>Authority Approval</b>	The East Route Project currently has approval for £18.2m expenditure. The project was granted an increase in authority of £3.1m bringing total authority to £21.3m.		
<b>Outputs and Schedule</b>	The scope enables the running of 3-car trains on the DLR East Route between Canning Town and Beckton. The increase in cost is being funded from savings made elsewhere in the DLR 3 Car Programme and has arisen from unforeseen additional design and construction costs. The service is due to be fully operational at 31 March 2011.		

<b>LR-PJ205 Installation of Ticket Gates at Stations Managed by Greater Anglia</b>			
<b>Financial Authority in Business Plan</b> £0.00m	<b>Previous Project Authority Granted</b> £0.00m	<b>Total Project Authority Granted</b> £4.15m	<b>Estimated Final Cost</b> £4.15m
<b>Authority Approval</b>	<p>The Department for Transport (DfT) is funding this new project which has recently been agreed. The DfT would like the gates to be in place by the time the new franchise commences (was expected to be April 2011). The competition for re-letting this franchise is currently on hold as the DfT franchising strategy is being reconsidered. As the project is new it is unbudgeted and therefore had to be approved by MD Finance.</p> <p>TfL is well placed to deliver this project as a result of the experience gained with other gating projects and the relationship with Cubic plc.</p> <p>Full delivery authority has been approved and the project is to be delivered using variations to the Cubic contract.</p>		
<b>Outputs and Schedule</b>	Ten stations on the West Anglia part of the Greater Anglia Franchise are to be gated by April 2011. The project is financially positive because of the prevention of ticketless travel, particularly from Tottenham Hale station. The revenue will accrue to the successful franchise bidder but the DfT will benefit through reduced subsidy requirements.		

## PRG Forward Forecast – September 2010 to June 2011

To enable an appropriate level of governance, processes are in place for the authorisation, control and reporting of projects. This is undertaken at both Corporate and Modal levels.

In addition to Modal processes, projects with a total value greater than £2m (unbudgeted) or £5m (budgeted) require authorisation at a corporate level. The Corporate Gateway Approval Process (CGAP) sets the requirements for the review of these projects prior to approval.

From 14 July 2010 until the revised Business Plan is agreed, Interim Expenditure Controls have been introduced that have resulted in a temporary reduction of the threshold for approvals at the Project Review Group from £5m to £1m. Projects between these figures will be reviewed at PRG but will not be subject to the CGAP.

Each gate applies “challenges” to the project to assess whether it is in a suitable state to move through the gate. The Gate Review provides assurance that a project or programme is:

- deliverable – it is likely to deliver the expected benefits within the declared cost/time/performance envelope;
- affordable – the level of expenditure and financial risk involved is acceptable in light of TfL's overall financial position when set against other priorities; and
- value for money – it provides the optimum combination of whole-life cost and quality (or fitness for purpose) to meet users' requirements.

Corporate Gates normally apply to a project at the following stages of their project lifecycles:

- Gate A – Project commencement (compulsory gate)
- Gate B – Single option selection
- Gate C – Pre-tender
- Gate D – Contract award\*
- Gate E – Project close (compulsory gate) and
- Gate P – Programme review for annualised programmes of minor schemes

All figures shown in the following tables are in accordance with the approved TfL Business Plan unless otherwise indicated.

\* If there is more than two years between contract award and project close, projects will be reviewed again at a Gate D+.

## Projects to be submitted to the TfL Board over £100M

Project Title	Current Project Authority £m	Expected Cumulative Authority Sought £m	Estimated Final Cost £m	CGAP Gate	Proposed Board Date
<b>London Underground</b>					
Track Programme	»	»	»	D	Sep-10
Bank Congestion Relief*	7.1	12.4	599.4	B+	Nov-10
SSR Upgrade – Overarching project authority confirmation	4,222.0	4,222.0	4,222.0	D	Dec-10
SSR Upgrade – Signalling	»	»	»	D	Feb-11
Tottenham Court Road Congestion Relief	538.0	538.0	519.9	D+	Feb-11
Northern Line Extension	500k	Tbc	800.0	C	Mar-11

<b>Surface Transport</b>					
Cycle Hire (extension of existing scheme)	»	»	»	D	Sep-10

### Notes

\* £374m of the total cost of Bank Congestion Relief is post FY 2017/18 and, therefore, does not fall within the Business Plan period. Only approval for the design stage will be sought.

» Costs are excluded for reasons of commercial confidentiality.

## Projects to be submitted to the Finance and Policy Committee between £50M and £100M

Project Title	Current Project Authority £m	Expected Cumulative Authority Sought £m	Estimated Final Cost £m	CGAP Gate	Proposed PRG Date
<b>London Underground</b>					
Neasden Depot	»	»	»	D	Sep-10
Future Ticketing	5.7	74.5	74.5	D	Dec-10

## Projects to be approved by the Commissioner between £25M and £50M

Project Title	Current Project Authority £m	Expected Cumulative Authority Sought £m	Estimated Final Cost £m	CGAP Gate	Proposed PRG Date
<b>London Underground</b>					
Baker St to Bond St Tunnel works	1.0	40.1	40.1	A,B,C	Nov-10
SSR 750v Conversion	3.6	36.1	36.1	B	Mar-11
Asset Stabilisation Programme	0.0	22.8	22.8	P	Feb-11

<b>Surface Transport</b>					
Hanger Lane Bridges	29.4	29.4	29.3	D+	Sep-10
Electric Vehicles	3.1	26.1	26.1	D	Dec-10
SCOOT Deployment	10.5	23.7	45.3	D	Nov-10
TLRN Capital Renewals Programme 2011/12	0.0	45.6	45.6	P	Mar-11
Countdown 11 Project	31.4	Tbc	29.9	D+	Feb-11
Tottenham Hale Gyrotory	11.8	Tbc	35.5	C	Apr-11

## Projects to be approved by the MD Finance under £25M

Project Title	Current Project Authority £m	Expected Cumulative Authority Sought £m	Estimated Final Cost £m	CGAP Gate	Proposed PRG Date
<b>London Underground</b>					
Victoria Line Upgrade – 4,500 Amp Energy Optimisation	0.5	7.3	7.3	D	Dec-10
Central Line – 92 Tube Stock Refurbishment	1.7	17.0	17.0	D	Oct-10
Additional ISIP EUC	12.9	3.3	16.0	Variation**	Sep-10
Tunnel Cooling – Out of Service fans	4.7	5.3	5.3	D	Nov-10
Earls Court Lifts No.3,4 replacement	6.0	6.0	6.0	B/D	Oct-10
SSR Upgrade: DEISIP	8.9	8.9	8.9	D	Oct-10
SSR Upgrade: Track switches compliance	8.8	8.8	8.8	D	Oct-10
Railway Timetabling System	6.9	1.5	9.0	Variation**	Nov-10
Piccadilly Line: Signalling	20.0	20.0	20.0	A	Nov-10
Piccadilly Line: SCADA	16.0	16.0	16.0	A	Nov-10
Embank Escalator 5-8 replacement	15.0	15.0	TBC	B-D	Jan-11
East London Line Phase 2	75.0	75.0	53.6	D	Dec-10



Project Title	Current Project Authority £m	Expected Cumulative Authority Sought £m	Estimated Final Cost £m	CGAP Gate	Proposed PRG Date
<b>Surface Transport</b>					
Road Safety / Accident Reduction 2010/11	0.0	9.4	9.4	P	Sep-10
Road Safety / Accident Reduction 2011/12	0.0	8.2	8.2	P	Mar-11
East London Transit 1b	11.7	»	»	C	Oct-10
Euston Circus (unbudgeted)	0.0	4.7	4.7	A-B	Oct-10
Cycle Superhighways – Phase 1 (2 routes of 10)	42.5*	42.5*	145.0*	E	Apr-11
Olympic Route Network Junctions and Carriageways	5.7	Tbc	18.0	C	Dec-10
Henley's Corner	8.4	8.4	8.4	D	Nov-10
East London Transit 1b	11.7	»	»	D	Mar-11
Olympic Route Network Compliance	0.0	5.2	5.2	A-D	Dec-10
A406 Bounds Green	69.0	Tbc	56.1	D+	Feb-11
Tunnel Safety Enhancement	2.5	7.5	51.8	P	Mar-11
Dial a Ride Fleet Renewal	0.0	13.9	13.9	D	Jun-11
Pedestrian Countdown	1.5	12.7	12.7	C	Jun-11
<b>London Rail</b>					
2011/12 Infrastructure Maintenance Programmes	0.0	3.1	3.1	P	Mar-11
<b>Corporate</b>					
Annualised IM Programme	2.8	13.3	13.3	P	Sep-10

#### Notes

\* The full cost of the projects (£145m) was authorised by the Board in October 2009. Approval of individual phases is being provided by the MD Finance through the Corporate Gateway Approval Process (CGAP). Figures shown are cumulative authorities for all routes.

» Costs are excluded for reasons of commercial confidentiality.

Tbc: The amount to be approved at the gate will be confirmed closer to the approval date.

\*\* Project is seeking additional funding between standard gates.

## Gate E Project Close reviews to be approved by the MD Finance

Project Title	Current Project Authority £m	Expected Cumulative Authority Sought £m	Estimated Final Cost £m	CGAP Gate	Proposed PRG Date
<b>London Underground</b>					
Walthamstow Central Station Upgrade	11.8	11.8	11.8	E	Sep-10
Oxford Circus Modernisation	81.1	81.1	85.9	E	Oct-10
Power for Connect	30.0	30.0	30.0	E	Nov-10
Major Power Works (VLU)	142.8	142.8	142.5	E	Jan-11
Connect Enabling	102.2	102.2	101.6	E	On hold
King's Cross CTRL	935.7	935.7	887.4	E	Jan-11
White City Development	73.9	73.9	75.3	E	May-11

<b>Surface Transport</b>					
London Works	15.8	15.8	16.3	E	Sep-10
Western Avenue Bridges	45.8	45.8	45.9	E	Oct-10
Congestion Charging Re-let	95.2	99.7	99.7	E	Sep-10
Legible London	7.6	7.6	7.0	E	Oct-10
ORN Network Instrumentation	10.6	10.6	10.5	E	Oct-10
West Ham Bus Garage	56.1	56.1	50.2	E	Dec-10
SVD iBus roll-out	30.0	30.0	30.1	E	Nov-10
East London Transit 1a	25.8	25.8	23.7	E	Dec-10
Signals Modernisation Programme	0.0	2.9	2.9	E	Mar-11
Hydrogen Transport	15.4	15.4	15.4	E	Mar-11

<b>London Rail</b>					
Woolwich/Arsenal DLR Extension	30.5	30.5	30.4	E	Sep-10
Additional Southern Gating	6.0	6.0	4.8	E	Jan 11
DLR 3 Car Infrastructure	303.2	303.2	236.4	E	Nov-10
London-wide Oyster	44.6	44.6	33.1	E	Nov-10
East London Line Extension	1,044.3	1,044.3	982.7	E	Dec-10
ELR/NLR Rolling Stock	15.1	-	58.1	E	Dec-10
Ticket Vending Machines	6.4	6.4	6.4	E	Jan-11
Stratford International DLR Extension	188.9	188.9	182.5	E	Jun-11

<b>Corporate</b>					
Information Management Strategic Investment Programme	74.3	74.3	69.1	E	Nov-10

### Note

Project authorities shown may exceed the final cost of completed projects due to risk and contingency provisions remaining unused. At the point of Gate E approval, the authority will be reduced to equal the final cost.